

Subcontract Control. The FAR outcome of Subcontract Control involves ensuring subcontracts clearly identify assets to be provided and ensure proper flow-down of contract terms and conditions; e.g., extent of liability for property loss; or for property fabricated at the sub contractor, the extent of any restrictions or limitations. In some cases, sub contractors establish and maintain the property records required under FAR 52.245-1. For example, where cost reimbursement purchase orders require the sub contractor to acquire property; or when other purchase orders require the delivery/acceptance of items at the sub contractor. FAR 52.245-1 requires the prime contractor to ensure the appropriate flow down of contract terms and conditions.

If needed, the Prime Property Administrator (PA) obtain assistance from a supporting PA. See **Support Property Administration**.

To test for compliance, the PA shall examine the contractor's subcontract controls and procedures and perform sufficient testing to ensure the contractor:

- Includes the appropriate flow-down clauses and instructions in its sub contracts.
- Conducts periodic reviews to determine the adequacy of the sub contractors' property management systems.
- Properly administers the risk-of-loss and other provisions flowed-down to sub contractors.